

# CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION  
(Include Holding Company Where Applicable)

PACIFIC COMMERCE BANK

Point of Contact:	Richard Koh	RSSD: (For Bank Holding Companies)	0
UST Sequence Number:	162	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	4,060,000	FDIC Certificate Number: (For Depository Institutions)	57065
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	December 28, 2008	City:	LOS ANGELES
Date Repaid <sup>1</sup> :	N/A	State:	California

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

New loan production for 2010 was approximately \$29 million and the CPP funds assisted in providing the capital to support this growth during the year.

☒ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

The break down of new loan originations in 2010 is as follows: \$12 million in SBA loans, \$9 million in business loans, \$8 million in commercial real estate loans, and \$0.5 million in consumer loans.

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☒ **Increase securities purchased (ABS, MBS, etc.).**

The bank purchased approximately \$26 million in agency MBS and \$17 million in agency callable bonds.

☐ **Make other investments.**

☒ **Increase reserves for non-performing assets.**

The bank has increased loan loss reserves by \$4.5 million in 2010.

☒ **Reduce borrowings.**

Borrowings were reduced by \$11.5 million in 2010.

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☒ **Increase charge-offs.**

Charge-offs were increased to \$2.7 million in 2010.

☐ **Purchase another financial institution or purchase assets from another financial institution.**

☐ **Held as non-leveraged increase to total capital.**

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### What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

The addition of CPP funds enabled the bank to avoid fire sale of problem assets to maintain a desired level of capital. The CPP fund has given our bank an opportunity to clean up problem assets and improve balance sheet so it can raise new capital at a more favorable time and terms.

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### What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

As a result of improving the balance sheet, the bank was able to raise \$5 million in new common equity capital in January of 2011. The addition of this new capital has allowed the bank to further strengthen its capital base and clean up problem credits, and to allocate resources to strengthening and building relationships with our customers.

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.